

THE DIRECTOR OF  
CENTRAL INTELLIGENCE

30 November 1977

National Intelligence Officers

STATINTL

TO:

FROM:

[REDACTED]  
National Intelligence Officer  
for China

Attached is requested outline for Presidential Briefing prepared by [REDACTED] of ORPA.

STATINTL

## CHINESE SHOPPING FOR ADVANCED TECHNOLOGY AND WEAPONS

1. Chinese Minister of Foreign Trade Li Chiang is now in Europe investigating some high technology items including the British built Harrier jet.
  - a. Should the Chinese decide to buy sophisticated European technology or weapons, the US will be faced with the question of approval of the sale under COCOM guidelines.
  - b. The US will also be keenly interested in the Soviet reaction to any approved sale.
2. Broad interests shown in recent years reflects technology lags in wide range of areas, military and civilian.
  - a. Disruptions in Chinese economic and military development in the last ten - fifteen years in part account for the technological lag.
  - b. Interest in purchases shown since 1973 but political dispute together with balance of payments deficit in 73-75 delayed possible purchases.
3. Technology with civilian applications that China seems interested in:

Advanced manufacturing technology in petrochemical, metallurgical, electronics and extractive industries. Some evidence of interest in nuclear reprocessing technology.
4. Military Technology Weapons:
  - a. Range of interest also reflects current indecision over specific course of purchases.
  - b. Anti-tank weapons, anti-aircraft weapons, ASW technology, missile tracking equipment, radar systems, and aircraft.

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- c. Chinese strategy of buying still uncertain, buy whole systems or prototypes and production technology for domestic manufacture.

5. Potential/Past Sources

- a. Japan - China's #1 trading partner, principally in civilian goods.
- b. West Europe - diplomatic contacts cultivate potential suppliers of military goods in particular.
- c. U.S. - where technological advantage over other sources clear. Also principally a civilian supplier.

6. Inhibiting factors

- a. High cost
  - 1. Balance of payments possible worry in future.
  - 2. Conservative credit policy.
- b. Domestic engineering, scientific and manufacturing skills possibly not adequate to absorb most sophisticated technology.
- c. COCOM restrictions inhibit some sales.
- d. Chinese decision making process slow and politically difficult.
- e. Ideology of self-reliance.
- f. Soviet criticism/reaction to possible military sales.

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